

An association was organized to guard the purity of the breed of Welsh ponies; to promote interest therein; and to establish, maintain, and publish authoritative records, registers, and transfers of ownership of that breed. Its activities consist of registering and maintaining records of pure bred Welsh ponies, recording transfers of ownership, and publishing literature describing the Welsh pony for the benefit of its members or others interested in improving or raising the breed. Membership in the association is open to any person, firm or corporation interested in improving or raising pure bred Welsh ponies. Its receipts are derived from membership fees, registrations and transfers. Expenditures are for operating expenses and for premiums for association-sponsored classes at a State fair. No part of the net income inures to the benefit of any member. Persons engaged in raising Welsh ponies are considered livestock producers engaged in agricultural pursuits.

Held, the association is entitled to exemption from Federal income tax under the provisions of section 501(c)(5) of the Internal Revenue Code of 1954 as an agricultural organization.